

### **Smart Card Initiative**

### Joint Legislative Oversight Committee on Information Technology

October 28, 2010



# **Authorizing Legislation**



### Senate Bill 897, Section 6.19 directed Office of the State CIO to:

- Coordinate development of Smart Card system with biometrics
- Improve efficiency, enhance service and reduce fraud

#### Senate Bill 897, Section 10.1 directed DHHS to:

- Implement Electronic Benefit Transfer system for child care subsidy
- Leverage synergies with other electronic card systems like child support enforcement and food and nutrition
- Monitor smart card implementation in Georgia and Texas
- Submit recommendations for card system in NC by May, 2011



### Smart card



#### What is a Smart Card?

- Plastic card with embedded computer chip (credit card size)
- Stores biometric information in secured manner

#### Why use Smart Card?

- To positively identify person via biometrics
  - finger scan, hand scan, etc.
- Store information in encrypted format
- Can store electronic purse
- Can support digital signature for financial transactions
- Ability to support multiple applications





# Magnetic stripe card



### What is a Magnetic Stripe Card?

- Credit-card sized plastic card without embedded computer chip
- Can store some basic information
- Cannot do processing

### Why use a Magnetic Stripe Card?

- To identify person using PIN Number
- Use as debit card for financial transactions



### Smart card / Magnetic stripe



#### **Smart card**

- \$3 to \$5 Per Card usually borne by agency
- Need biometric card reader at POS
- Ideal for repeated long term use
- Eliminates fraud
- Consumer acceptance is slow
- Need fallback plan for disabled citizen
- Provider resistance to POS equipment
- Recipient may not use it due to privacy concerns

### Magnetic stripe

- Inexpensive initial cost usually covered by vendor
- Point of sale infrastructure in place
- Ideal use is for couple of years
- Greatly diminishes recipient fraud
- Easy acceptance by consumer
- No need for fallback plan



#### Use of Electronic Cards in NC

Electronic Access	Current Programs	Future Programs
DIRECT DEPOSIT	•DHHS Child Support Enforcement •DHHS Special Children Adoption Incentive Fund •DHHS Adoption Assistance HIV	•DHHS Adoption Assistance •DHHS Low Income Energy Assistance Program •DHHS Crisis Intervention Program •DHHS Child & Adult Food Program
ELECTRONIC PAYMENT/DEBIT CARD	•DHHS Child Support Enforcement	•DHHS Crisis Intervention Program
ELECTRONIC BENEFIT CARD	DHHS Supplemental Nutrition     Assistance Program / Food and     Nutrition Services     DHHS Child Care Program	•DHHS TANF/Work First •DHHS Women Infants & Children •DHHS Farmers Market Nutrition Program •DHHS Refugee Assistance
HIGH SECURITY CARD *		•DHHS Medicaid (biometrics not supported by federal partner CMS) •DHHS State & County Special Assistance

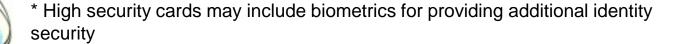




ESC Debit Card



Food & Nutrition Services EBT Card



## Progress So Far



- Workgroup formed
  - Workgroup talking to vendor and industry analysts
- High level strategy draft
  - Let business needs and benefits drive use of the appropriate card
  - Categorize business programs for appropriate card
- Discussion/sharing with other states
- Program analysis for overlap and synergy
  - Currently underway limited to DHHS



### Programs being studied



#### Department of Health and Human Services

- Medicaid: Consumer identification, Healthcare Information access
- Health Choice
- Childcare Subsidy Attendance Recording
- Woman Infants & Children Program (WIC)
- Temporary Assistance for Needy Families (TANF)
- Work First Cash Assistance (access to cash benefits)
- Food & Nutrition Services (access to benefits) (SNAP)
- Energy Assistance (access to cash benefits)
- Adoption Assistance (access to cash benefits)
- Child Support (access to cash benefits)
- Refugee Assistance
- Disaster Assistance
- Special Children Adoption
- HIV Adoption Assistance

DPI – More at Four, Free/Reduced Lunch Program

Department of Agriculture - Farmers' Market Nutrition Program

## Next Steps/Timeline



- August September 2010
  - Planning and preliminary recommendations
- October 2010
  - Complete discussions with states
- November 2010
  - Complete analysis from discussions with states
  - Preliminary selection of pilot applications
- December 2010
  - Final selection of pilot applications
  - Begin development of business cases and RFP(s)
- January February 2011
  - RFP(s) issued
  - February March 2011
    - Award of pilot project contract(s)

## Our Approach



- Engage stakeholders
- Develop workgroup
- Learn from other states
  - Address privacy concerns with use of biometric
  - Policies, training, comprehensive risk analysis
  - Disclosure of privacy protection measures
- Develop strategy and roadmap
  - Select appropriate programs for smart card
  - Leverage investment for future growth in smart card
  - Develop governance for smart card use across divisions and agencies

# Our Approach



- Look for business program synergy
  - Develop synergy based on business program dependency
  - Prioritize based on business benefits and needs
  - Smart card is not solution for all programs
- Conduct a pilot
  - Clearly define pilot program, including card types, business needs, and success criteria
  - Develop Request for Proposal(s)
  - Carefully select vendors and craft contracts
  - Fine tune solution after pilot run
- Rollout smart card in phases
  - First rollout within DHHS, then incorporate other agencies
  - Slowly phase out Vendor; State employees take ownership



### Questions?

